



**NOTICE OF SPECIAL BOARD MEETING  
VIA CONFERENCE CALL**

**Date:** Thursday, May 7, 2020

**Time:** 9:00 a.m.

**Dial-in Number:** 1 (888) 742-5095

**Conference Code:** 5561712598

Please identify yourself when joining the call.

**AGENDA**

1. Call to Order
2. Approval, Delegation of Authority to the Commissioner for Loan Forbearance Regarding Multifamily Loans.
3. Approval, Delegation of Authority to the Commissioner for Relief Provisions available to the Federal Housing Tax Credit (HTC) Program
4. Adjournment

**NOTE:** The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday May 7, 2020.

**Items requiring approval are neither effective nor final until voted on and approved by the Minnesota Housing Board.**

*The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 or Minn. Stat. 13D.021 are met. The Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.*

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**Item:** Approval, Delegation of Authority to the Commissioner for Loan Forbearance Regarding Multifamily Loans.

**Staff Contact(s):**

Tom O'Hern, 651.296.9796, tom.ohern@state.mn.us

**Request Type:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Approval   | <input type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion                | <input type="checkbox"/> Discussion       |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Information      |

**Summary of Request:**

The Commissioner is requesting that the Commissioner be granted authority to authorize forbearance regarding Multifamily loans that otherwise would need to be brought to the Board for approval. Payment of principal and/or interest will be postponed for up to five months. No principal or interest is being forgiven. Other conditions may also be imposed.

Granting the requested delegated authority will allow the Agency to react to financial hardship issues in a more expedient matter and will also improve the efficiency of the organization. The Commissioner will make a written report to the Board at least annually describing the actions taken utilizing the delegated authority. The delegated authority may be amended or revoked by the Board at any time.

**Fiscal Impact:**

There will be a delay in receiving the principal and/or interest payments on the loans in forbearance. The cumulative magnitude of the forbearance amount depends on the number of borrowers granted forbearance, the payment amounts being delayed, and the duration of each borrower's forbearance period.

**Meeting Agency Priorities:**

- ☐ Improve the Housing System
- ☐ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☐ Support People Needing Services
- ☐ Strengthen Communities

**Attachment(s):**

Resolution

**MINNESOTA HOUSING FINANCE AGENCY  
400 Wabasha Street N, Suite 400  
St. Paul, Minnesota 55102**

**RESOLUTION NO. MHFA 20-016  
BOARD DELEGATION NO. 028**

**DELEGATION OF AUTHORITY TO THE COMMISSIONER REGARDING LOAN FORBEARANCE ON  
MULTIFAMILY LOANS**

WHEREAS, the Minnesota Housing Finance Agency ("Agency") Commissioner ("Commissioner") has requested the Minnesota Housing Finance Agency Board ("Board") to delegate to the Commissioner certain authority regarding the administration of loans in order to improve the efficiency of the Agency's loan programs; and

WHEREAS, such authority would permit the Commissioner to perform the activities encompassed by the delegation without prior Board approval; and

WHEREAS, the Board has considered the request and finds that it is in the best interests of the Agency to delegate such authority.

**NOW, THEREFORE, BE IT RESOLVED:**

That the Board grants the delegated authority below to the Commissioner so long as such authority is exercised in accordance with the parameters and requirements stated herein. This delegated authority shall remain in effect for the current and future Commissioners until revoked.

DELEGATED AUTHORITY

To authorize the Commissioner to allow forbearances on Agency Multifamily loans.

PARAMETERS OF DELEGATED AUTHORITY

1. The borrower must be current on its payment of principal and/or interest on its loan.
2. The borrower must demonstrate it is experiencing a financial hardship that has compromised its ability to continue making full and timely debt service payments.
3. Forbearance shall only apply to the loan's principal and/or interest and does not constitute forgiveness of the principal or interest.
4. Forbearance must comply with all applicable state and federal laws.
5. If necessary, HUD approval must be obtained.
6. Agency staff must establish criteria for forbearance and a forbearance review process.
7. The initial forbearance period plus any extensions cannot exceed a total of five months.
8. Forbearance requests must be approved by either the Agency's Mortgage Credit Committee or the Commissioner may establish a Forbearance Review Group comprised of appropriate members of Agency leadership to review and approve forbearance requests.

REPORTING REQUIREMENTS

The Commissioner shall make a written report to the Board at least annually describing the actions taken utilizing the delegated authority.

OTHER CONSIDERATIONS

None.

Adopted this 7th day of May 2020

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CHAIRMAN

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**Item:** Approval, Delegation of Authority to the Commissioner for Relief Provisions Available to the Federal Housing Tax Credit (HTC) Program

**Staff Contact(s):**

Summer Jefferson, summer.jefferson@state.mn.us, 651-296-9790

Anne Smetak, anne.smetak@state.mn.us, 651-263-1460

**Request Type:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Approval   | <input type="checkbox"/> No Action Needed |
| <input type="checkbox"/> Motion                | <input type="checkbox"/> Discussion       |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Information      |

**Summary:**

The Commissioner is requesting that the Commissioner be granted authority to authorize certain relief options for federal Housing Tax Credit (HTC) developments, including extensions to certain deadlines. The relief options are permitted under applicable Internal Revenue Service (IRS) procedures when there is a federally declared disaster. This delegation of authority will allow the Agency to provide relief to developments on a case-by-case basis both during the COVID-19 pandemic and in future situations when there are federal disaster declarations.

**Fiscal Impact:**

Housing tax credits are a federal resource and do not directly impact Minnesota Housing's financial condition.

**Meeting Agency Priorities:**

- ☐ Improve the Housing System
- ☒ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☐ Support People Needing Services
- ☐ Strengthen Communities

**Attachment(s):**

- Background
- Resolution

## Background

The Internal Revenue Service (IRS) procedures, specifically Revenue Procedure 2014-49 and Revenue Procedure 2014-50, authorize housing credit agencies to grant certain kinds of relief to Housing Tax Credit (HTC) properties when the federal government approves a major disaster declaration for the area in which the properties are located. The proposed delegation gives the Commissioner the ability to implement the authorized relief in accordance with the IRS procedures.

The IRS permits a housing credit agency to provide extensions of up to 6 months for carryover deadlines and up to 12 months for placed in service deadlines if there is a showing that an owner, or group of owners, cannot reasonably satisfy the existing deadlines because of a federally declared disaster. The IRS also allows a housing credit agency to permit use of HTC developments to house displaced persons as a result of a federally declared disaster.

The federal government approved a major disaster declaration for the State of Minnesota on April 7, 2020, due to the COVID-19 pandemic. As a result, the Agency may now authorize the above relief for HTC developments. In order to expedite the approval process for relief requests arising out of the current pandemic, as well as for future federally declared disasters, the requested delegation authorizes the Commissioner to approve these relief options in accordance with federal requirements.

Such requests for relief by owners of HTC developments would be handled pursuant to the delegation. For information purposes, below is more information regarding the potential impact of the authorization under the COVID-19 pandemic. Extensions to deadlines may be granted, in accordance with IRS requirements, only if there is a showing that an owner, or group of owners, cannot reasonably satisfy the existing deadlines because of a federally declared disaster.

1. **Carryover Deadlines:** Federal law requires that more than 10 percent of the expected basis in the project (including land) must be expended by the later of the date which is one year after the date that the allocation is made or the close of the calendar year in which the allocation is made. Minnesota Housing will consider granting a 6-month extension to the IRS requirement to meet the 10 percent test.
2. **Placed-In-Service Deadlines:** Generally, the HTC placed-in-service deadline for a newly constructed building or for rehabilitation expenditures in an existing building, is the date when the first unit in the building is certified as available for occupancy. The placed in service date must occur for all buildings within a project within two years after the allocation year of HTCs. Minnesota Housing will consider granting a 12-month extension of the placed in service deadline.

If a project fails to meet either IRS test, the entire HTC allocation for the project must be returned to Minnesota Housing for reallocation to a different qualifying project. The failure to meet either test is considered a cliff event that terminates a project's eligibility for HTCs.

One form of relief allowed under Revenue Procedure 2014-49 and 2014-50, but which Minnesota Housing does not anticipate implementing for the current pandemic situation, permits owners to relax income certification requirements required to lease a units in HTC properties in order to house tenants displaced due to the disaster situation. Staff is not aware of a current demand in our statewide market



Agenda Item: 3.  
Background and Resolution

for this relief provision, but the delegated authority allows staff to monitor the situation closely and implement this relief, with approval by the Agency's Mortgage Credit Committee, should a particular market or property demonstrate need.

**MINNESOTA HOUSING FINANCE AGENCY  
400 Wabasha Street N, Suite 400  
St. Paul, Minnesota 55102**

**RESOLUTION NO. MHFA 20-017  
BOARD DELEGATION NO. 29**

**DELEGATION OF AUTHORITY TO THE COMMISSIONER REGARDING EXTENSIONS OF DEADLINES AND  
AUTHORIZATION OF USE AS EMERGENCY HOUSING FOR FEDERAL LOW-INCOME HOUSING TAX CREDIT  
DEVELOPMENTS LOCATED IN A MAJOR DISASTER AREA**

WHEREAS, the Minnesota Housing Finance Agency ("Agency") Commissioner ("Commissioner") has requested the Minnesota Housing Finance Agency Board ("Board") to delegate to the Commissioner certain authority regarding the administration of the federal low-income housing tax credit (HTC) program in order to improve the efficiency of the Agency's administration of the HTC program and to allow it to more effectively respond when HTC developments are located in areas where disasters have been declared by the federal government; and

WHEREAS, federal HTC procedures issued by the Internal Revenue Service ("IRS") permit a Housing Credit Agency to grant relief of certain IRS deadlines relevant to HTC developments and use of HTC developments as emergency housing when HTC developments are located in federally declared disaster areas; and

WHEREAS, such authority would permit the Commissioner to perform the activities encompassed by the delegation without prior Board approval; and

WHEREAS, the Board has considered the request and finds that it is in the best interests of the Agency to delegate such authority.

**NOW, THEREFORE, BE IT RESOLVED:**

That the Board grants the delegated authority below to the Commissioner so long as such authority is exercised in accordance with the parameters and requirements stated herein. This delegated authority shall remain in effect for the current and future Commissioners until revoked.

**DELEGATED AUTHORITY**

To authorize the Commissioner to approve extensions to Internal Revenue Service (IRS) deadlines under the federal HTC program and to authorize use of HTC developments as Emergency Housing Assistance as permitted by IRS guidance and procedures. This delegation is in effect only in the event that an HTC development is located in a federally declared disaster area.

**PARAMETERS OF DELEGATED AUTHORITY**

1. This delegation applies only in situations where an HTC development is located in an area where the president has declared a Major Disaster and which has been deemed eligible for FEMA assistance ("Major Disaster Area").
2. The granting of relief to HTC carryover deadlines and placed in service deadlines under the Internal Revenue Code ("IRC") may be granted only upon a finding that an owner, or a

- particular group of owners, cannot reasonably satisfy the deadlines of IRC 42(h)(1)(E) because of a Major Disaster.
3. All applicable IRS requirements must be met, including the requirements of Rev. Proc. 2014-49 and Rev. Proc. 2014-50 and no extension to the deadlines in IRC 42(h)(1)(E) may be longer than is expressly permitted by the IRS.
  4. The Agency may grant permission to an owner of a HTC development to use that HTC development to house displaced individuals in accordance with the requirements of Rev. Proc. 2014-49 and Rev. Proc. 2014-50.
  5. Any such extension or authorization must be approved by the Agency Mortgage Credit Committee.
  6. To the extent such extension or authorization is granted pursuant to this delegation, the approval supersedes any contrary provisions in the applicable Qualified Allocation Plan.

REPORTING REQUIREMENTS

The Commissioner shall make a written report to the Board at least annually describing the actions taken utilizing the delegated authority.

Adopted this 7th day of May 2020

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CHAIRMAN